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Finances Québec

# MONTHLY REPORT ON FINANCIAL TRANSACTIONS

Volume 9, number 11 July 3, 2015

## PRELIMINARY AT MARCH 31, 2015

### Note to the reader: Preliminary results for 2014-2015

*The results published on July 3, 2015 regarding the fiscal year ended March 31, 2015 are preliminary. These results will be reviewed to reflect additional information obtained until the time the financial statements are closed. The final results will be presented in* Public Accounts 2014-2015.

### Highlights for March 2015

In March 2015, the budgetary balance within the meaning of the *Balanced Budget Act* showed a deficit of $832 million. The balance takes into account the deposit of $142 million in the Generations Fund and a $150-million contingency reserve to offset any risks resulting from the closing of the financial statements.

— Own-source revenue was $5.4 billion, up $233 million, while federal transfers reached $1.5 billion, an increase of $221 million.

— Program spending amounted to $6.6 billion, up $95 million, while debt service stood at $711 million, down $15 million compared to last year.

On the basis of the cumulative results at March 31, 2015, the budgetary balance within the meaning of the *Balanced Budget Act* was in deficit by $1.8 billion, an improvement of $1 billion over last year.

— Own-source revenue growth was 2.3% for the year as a whole, an improvement over the forecast of 2.1% in the March 2015 budget.

— Program spending growth was 1.8%, compared to the budget's forecast of 2.1%.

### Summary of consolidated budgetary transactions

(millions of dollars) (Unaudited data)

| | March | | April to March | | | Budget 2015-2016 | |
|---|---|---|---|---|---|---|---|
| | 2014 [1] | 2015 | 2013-2014 | 2014-2015 | Change (%) | 2014-2015 | Forecast growth (%) |
| **Budgetary revenue** | | | | | | | |
| Own-source revenue | 5 145 | 5 378 | 53 242 | 54 493 | 2.3 | 54 339 | 2.1 |
| Federal transfers | 1 293 | 1 514 | 16 528 | 16 830 | 1.8 | 16 832 | 1.8 |
| **Total** | **6 438** | **6 892** | **69 770** | **71 323** | **2.2** | **71 171** | **2.0** |
| **Budgetary expenditure** | | | | | | | |
| Program spending | –6 496 | –6 591 | –64 322 | –65 466 | 1.8 | –65 704 | 2.1 |
| Debt service | –726 | –711 | –8 434 | –8 150 | –3.4 | –8 164 | –3.2 |
| **Total** | **–7 222** | **–7 302** | **–72 756** | **–73 616** | **1.2** | **–73 868** | **1.5** |
| **Consolidated entities**[2] | | | | | | | |
| Non-budget-funded bodies and special funds | –613 | –381 | 248 | 711 | — | 426 | — |
| Health and social services and education networks | 143 | 109 | –86 | –79 | — | –79 | — |
| Generations Fund | 117 | 142 | 1 121 | 1 279 | — | 1 253 | — |
| **Total** | **–353** | **–130** | **1 283** | **1 911** | **—** | **1 600** | **—** |
| **Surplus (Deficit)** | **–1 137** | **–540** | **–1 703** | **–382** | **—** | **–1 097** | **—** |
| **Contingency reserve** | **—** | **–150** | **—** | **–150** | **—** | **—** | **—** |
| **Balanced Budget Act** | | | | | | | **—** |
| Deposits of dedicated revenues in the Generations Fund | –117 | –142 | –1 121 | –1 279 | — | –1 253 | — |
| **BUDGETARY BALANCE**[3] | **–1 254** | **–832** | **–2 824** | **–1 811** | **—** | **–2 350** | **—** |

Note: The presentation of the budgetary information in the monthly report is consistent with that of the financial framework for the general fund and consolidated entities as published on page A.20 of *The Québec Economic Plan* of the March 2015 budget.

(1) For comparison purposes, spending for 2013-2014 was adjusted to take into account the changes made by the Ministère de l'Éducation, du Loisir et du Sport and the Ministère de l'Enseignement supérieur, de la Recherche et de la Science in the monthly transfer expenditure apportionment rates for private institutions, as well as the actual results of non-budget-funded bodies and special funds.

(2) Details of transactions by type of entity are presented on page 6 of this report.

(3) Budgetary balance within the meaning of the *Balanced Budget Act*.

# MONTHLY REPORT ON FINANCIAL TRANSACTIONS

## ❑ Cumulative results at March 31, 2015

### ■ Budgetary balance

For the period from April 2014 to March 2015, the budgetary balance within the meaning of the *Balanced Budget Act* was in deficit by $1.8 billion.

Based on preliminary results, that is an improvement of $539 million over the deficit forecast in Budget 2015-2016, tabled on March 26, 2015. In addition, that balance takes into account a contingency reserve of $150 million until the final results for the year are in.

### ■ Budgetary revenue

At March 31, 2015, budgetary revenue amounted to $71.3 billion, an increase of $1.6 billion, or 2.2%, compared to March 31, 2014.

— Own-source revenue stood at $54.5 billion, up $1.3 billion from the same time last year.

— Federal transfers amounted to $16.8 billion, up $302 million compared to March 31, 2014.

### ■ Budgetary expenditure

Budgetary expenditure as of the beginning of the fiscal year totalled $73.6 billion, an increase of $860 million, or 1.2%, over last year.

— For the period from April 2014 to March 2015, program spending rose by $1.1 billion, or 1.8%, reaching $65.5 billion.

  — The most significant changes were an increase in program spending of the Health and Social Services mission ($1 247 million) and the Education and Culture mission ($191 million), and a decrease in program spending of the Economy and Environment mission ($189 million) and the Administration and Justice mission ($171 million).

— Debt service amounted to $8.2 billion, a decrease of $284 million, or 3.4%, compared to last year.

## Consolidated entities

At March 31, 2015, the results of consolidated entities showed a surplus of $1.9 billion. These results included:

— a surplus of $711 million for non-budget-funded bodies and special funds;

— a $79-million deficit for the health and social services and education networks;

— dedicated revenue of $1.3 billion for the Generations Fund.

## Net financial requirements

At March 31, 2015, consolidated net financial requirements stood at $2.4 billion, a decrease of $1.7 billion compared to last year. Net financial requirements reflect the current budgetary balance as well as the year-over-year change in receipts and disbursements in the course of the government's transactions.

**Consolidated budgetary and financial transactions**
(millions of dollars) (Unaudited data)

| | March | | | April to March | | |
|---|---|---|---|---|---|---|
| | 2014 [1] | 2015 | Change | 2013-2014 | 2014-2015 | Change |
| **Budgetary revenue** | | | | | | |
| Own-source revenue | 5 145 | 5 378 | 233 | 53 242 | 54 493 | 1 251 |
| Federal transfers | 1 293 | 1 514 | 221 | 16 528 | 16 830 | 302 |
| **Total** | **6 438** | **6 892** | **454** | **69 770** | **71 323** | **1 553** |
| **Budgetary expenditure** | | | | | | |
| Program spending | –6 496 | –6 591 | –95 | –64 322 | –65 466 | –1 144 |
| Debt service | –726 | –711 | 15 | –8 434 | –8 150 | 284 |
| **Total** | **–7 222** | **–7 302** | **–80** | **–72 756** | **–73 616** | **–860** |
| **Consolidated entities** [2] | | | | | | |
| Non-budget-funded bodies and special funds | –613 | –381 | 232 | 248 | 711 | 463 |
| Health and social services and education networks | 143 | 109 | –34 | –86 | –79 | 7 |
| Generations Fund | 117 | 142 | 25 | 1 121 | 1 279 | 158 |
| **Total** | **–353** | **–130** | **223** | **1 283** | **1 911** | **628** |
| **Surplus (Deficit)** | **–1 137** | **–540** | **597** | **–1 703** | **–382** | **1 321** |
| Consolidated non-budgetary surplus (requirements) | 3 969 | 3 405 | –564 | 937 | –2 044 | –2 981 |
| **CONSOLIDATED NET FINANCIAL SURPLUS (REQUIREMENTS)** | **2 832** | **2 865** | **33** | **–766** | **–2 426** | **–1 660** |

(1) For comparison purposes, spending for 2013-2014 was adjusted to take into account the changes made by the Ministère de l'Éducation, du Loisir et du Sport and the Ministère de l'Enseignement supérieur, de la Recherche et de la Science in the monthly transfer expenditure apportionment rates for private institutions, as well as the actual results of non-budget-funded bodies and special funds.

(2) Details of transactions by type of entity are presented on page 6 of this report.

# MONTHLY REPORT ON FINANCIAL TRANSACTIONS

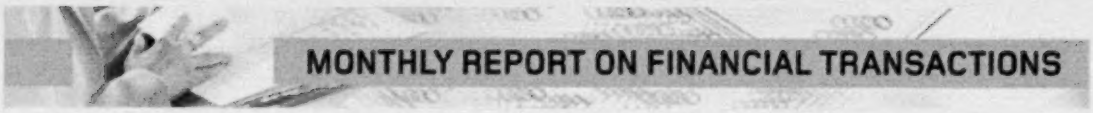
## General fund revenue

(millions of dollars) (Unaudited data)

| Revenue by source | March 2014 | March 2015 | Change (%) | April to March 2013-2014 | April to March 2014-2015 | Change (%) |
|---|---|---|---|---|---|---|
| **Own-source revenue excluding government enterprises** | | | | | | |
| Income and property taxes | | | | | | |
| Personal income tax | 1 652 | 1 819 | 10.1 | 19 399 | 19 598 | 1.0 |
| Contributions to Health Services Fund | 607 | 597 | –1.6 | 6 780 | 6 854 | 1.1 |
| Corporate taxes | 716 | 752 | 5.0 | 3 254 | 3 506 | 7.7 |
| Consumption taxes | 1 313 | 1 392 | 6.0 | 16 607 | 17 330 | 4.4 |
| Other sources | 226 | 226 | | 1 772 | 1 778 | 0.3 |
| **Total own-source revenue excluding government enterprises** | **4 514** | **4 786** | **6.0** | **47 812** | **49 066** | **2.6** |
| Revenue from government enterprises | 631 | 592 | –6.2 | 5 430 | 5 427 | –0.1 |
| **Total own-source revenue** | **5 145** | **5 378** | **4.5** | **53 242** | **54 493** | **2.3** |
| **Federal transfers** | | | | | | |
| Equalization | 653 | 775 | 18.7 | 7 833 | 9 286 | 18.5 |
| Health transfers | 462 | 412 (1) | –10.8 | 5 290 | 4 852 (1) | –8.3 (1) |
| Transfers for post-secondary education and other social programs | 129 | 132 | 2.3 | 1 534 | 1 588 | 3.5 |
| Other programs | –37 | 195 | –627.0 | 834 | 1 104 | 32.4 |
| **Subtotal** | **1 207** | **1 514** | **25.4** | **15 491** | **16 830** | **8.6** |
| Harmonization of the QST with the GST – Compensation | 86 (2) | — | — | 1 037 (2) | — | — |
| **Total federal transfers** | **1 293** | **1 514** | **17.1** | **16 528** | **16 830** | **1.8** |
| **BUDGETARY REVENUE** | **6 438** | **6 892** | **7.1** | **69 770** | **71 323** | **2.2** |

(1) In accordance with the policy directions of Budget 2014-2015, tabled on June 4, 2014, $430 million in health transfers was allocated in 2014-2015 to the Fund to Finance Health and Social Services Institutions (FINESSS), a consolidated entity. That allocation was spread over 2014-2015, at $36 million a month, after being deducted from the health transfers. Were it not for the allocation, the change would be -0.2% instead of -8.3%.

(2) Revenue from federal compensation for sales tax harmonization is recorded as spending funded by the compensation is recognized. Consequently, the payment of $1 467 million received in that respect in 2013-2014 was spread over 2013-2014 at $86 million a month for debt service expenditure and at $36 million a month for FINESSS.




**General fund expenditure**
(millions of dollars)

(Unaudited data)

| | March | | | April to March | | |
|---|---|---|---|---|---|---|
| **Expenditure by mission** | **2014** [1],[2] | **2015** | **Change (%)** | **2013-2014** [2] | **2014-2015** | **Change (%)** |
| **Program spending** | | | | | | |
| Health and Social Services | 3 203 | 3 409 | 6.4 | 31 088 | 32 335 | 4.0 |
| Education and Culture | 1 530 | 1 462 | –4.4 | 17 300 | 17 491 | 1.1 |
| Economy and Environment | 498 | 567 | 13.9 | 5 316 | 5 127 | –3.6 |
| Support for individuals and families | 536 | 559 | 4.3 | 6 313 | 6 379 | 1.0 |
| Administration and Justice | 729 | 594 | –18.5 | 4 305 | 4 134 | –4.0 |
| **Total program spending** | **6 496** | **6 591** | **1.5** | **64 322** | **65 466** | **1.8** |
| **Debt service** | **726** | **711** | **–2.1** | **8 434** | **8 150** | **–3.4** |
| **BUDGETARY EXPENDITURE** | **7 222** | **7 302** | **1.1** | **72 756** | **73 616** | **1.2** |

(1) For comparison purposes, spending for 2013-2014 was adjusted to take into account the changes made by the Ministère de l'Éducation, du Loisir et du Sport and the Ministère de l'Enseignement supérieur, de la Recherche et de la Science in the monthly transfer expenditure apportionment rates for private institutions, as well as the actual results of non-budget-funded bodies and special funds.

(2) Certain expenditures were reclassified between missions to take into account the transition to the 2014-2015 budgetary structure as of September 2014.

**Detailed information on the transactions of consolidated entities**
(millions of dollars) (Unaudited data)

| | March 2015 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Special funds | Generations Fund | Specified purpose accounts | Transfers (expenditures) related to the tax system | Non-budget-funded bodies | Health and education networks [1] | Total | Consolidation adjustments [2] | Total |
| **Revenue** | **1 201** | **142** | **156** | **373** | **1 850** | **—** | **3 722** | **–2 255** | **1 467** |
| **Expenditure** | | | | | | | | | |
| Expenditure | –1 058 | — | –156 | –373 | –2 115 | 109 | –3 593 | 2 163 | –1 430 |
| Debt service | –172 | — | — | — | –87 | — | –259 | 92 | –167 |
| **Total** | **–1 230** | **—** | **–156** | **–373** | **–2 202** | **109** | **–3 852** | **2 255** | **–1 597** |
| **RESULTS** | **–29** | **142** | **—** | **—** | **–352** | **109** | **–130** | **—** | **–130** |

| | April 2014 to March 2015 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Special funds | Generations Fund | Specified purpose accounts | Transfers (expenditures) related to the tax system | Non-budget-funded bodies | Health and education networks [1] | Total | Consolidation adjustments [2] | Total |
| **Revenue** | **11 480** | **1 279** | **990** | **6 005** | **22 650** | **—** | **42 404** | **–23 088** | **19 316** |
| **Expenditure** | | | | | | | | | |
| Expenditure | –8 716 | — | –990 | –6 005 | –21 666 | –79 | –37 456 | 22 006 | –15 450 |
| Debt service | –2 124 | — | — | — | –913 | — | –3 037 | 1 082 | –1 955 |
| **Total** | **–10 840** | **—** | **–990** | **–6 005** | **–22 579** | **–79** | **–40 493** | **23 088** | **–17 405** |
| **RESULTS** | **640** | **1 279** | **—** | **—** | **71** | **–79** | **1 911** | **—** | **1 911** |

(1) The results of the networks are presented according to the modified equity accounting method.
(2) Consolidation adjustments include the elimination of program spending from the general fund.

## ❑ 2015-2016 publication dates of the Monthly Report on Financial Transactions

For 2015-2016, barring exceptional circumstances requiring postponement, the monthly reports for 2015-2016 will be published on the following dates:

**2015-2016 publication dates for 2015-2016**

| | |
|---|---|
| Report at May 31 | August 21, 2015 |
| Report at June 30 | Septembre 11, 2015 |
| Report at July 31 | October 16, 2015 |
| Report at August 31 | November 13, 2015 |
| Report at September 30 | December 11, 2015 |
| Report at October 31 | January 22, 2016 |
| Report at November 30 | February 19, 2016 |
| Report at December 31 | March 18, 2016 |
| Report at January 31 | April 15, 2016 |
| Report at February 29 | May 13, 2016 |
| Preliminary report at March 31 | June 30, 2016 |

For more information, contact the Direction des Communications of the Ministère des Finances at 418 528-7382.

The report is also available on the Ministère des Finances website: www.finances.gouv.qc.ca.